

Roger Hagan
1224 Stuart St.
Helena, MT 59601-2139

459-0773

1-15-07

JB Exploration Inc.

STATE NATURAL RESOURCES
ACCOUNT NO. 6
DATE 1-15-07
BILL NO. SB 26

P. O. Box 420, Havre, MT 59501 *Phone: 406-265-7100 * Fax: 406-265-7173

February 17, 2004

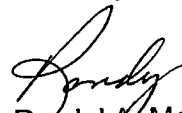
Thomas J. Sheehy
46 Johannes Ave
Big Sandy, MT 59520

RE: Appraisal Audrey Hagan Mineral Interest

Dear Tom:

I asked John Brown to look at the schedule of lands you sent me, he has done so and has put a dollar value (per mineral acre) on the listed parcels. This value x Audrey's net acreage should give you a total value for her mineral estate. If you have any questions or I can be of further assistance in any way please contact me at the above address or call toll free 1-800-265-7110.

Sincerely,



Randal A. McPherson
Land Consultant

Enclosures

LEGAL DESCRIPTION FOR LAND IN WHICH
AUDREY HAGAN MAY OWN MINERAL INTERESTS

CHOUTEAU & BLAINE COUNTIES COMBINED

Tract A: Township 29 North, Range 13 East, M.P.M.

\$ 10. p/A

Section 15: NW1/4NE1/4
Section 21: E1/2
Section 22: NW1/4
Section 28: All
Section 33: N1/2N1/2

10\$ p/A

Tract B: Township 29 North, Range 13 East, M.P.M.

\$ 10 p/A

Section 15: SW1/4
Section 16: All that part of SE1/4 lying East
of Highway No. 87, as the same
presently exists
Section 22: NW1/4

Tract C: Township 25 North, Range 18 East, M.P.M.

\$ 20 p/A

Section 13: S1/2NW1/4, N1/2SW1/4,
SE1/4SW1/4, W1/2SE1/4
Section 17: W1/2SW1/4, SE1/4NE1/4, NE1/4SE1/4
Section 24: NE1/4NW1/4

20\$

Township 25 North, Range 17 East, M.P.M.

\$ 15 p/A

Section 5: Lots 3,4,5,6, SE1/4NW1/4,
N1/2SE1/4, NE1/4SW1/4
Section 6: Lot 1, SE1/4NW1/4
Section 11: NE1/4, N1/2SE1/4
Section 12: SW1/4NW1/4, NW1/4SW1/4

15\$

Township 26 North, Range 17 East, M.P.M.

\$ 25. p/A

Section 26: SE1/4SW1/4
Section 27: S1/2SW1/4, SW1/4SE1/4
Section 28: SE1/4SE1/4
Section 33: E1/2NE1/4, NE1/4SE1/4
Section 34: N1/2NE1/4, N1/2NW1/4,
SW1/4NW1/4, NW1/4SW1/4
Section 35: N1/2NW1/4

25\$

Tract D: Township 25 North, Range 17 East, M.P.M.

\$ 15 p/A

Section 3: Lots 1,2,3
Section 6: SE1/4
Section 7: N1/2NE1/4

15\$

Section 8: Lot 4, SW1/4NW1/4, S1/2SE1/4
Section 9: W1/2SW1/4
Section 12: SE1/4NW1/4, E1/2SW1/4, SW1/4SE1/4
Section 13: NE1/4NW1/4, N1/2NE1/4, SE1/4NE1/4
Section 16: S1/2NW1/4, NW1/4NW1/4
Section 17: E1/2NE1/4

Township 25 North, Range 17 East, M.P.M.

Section 6: E1/2NE1/4 (Lot 1, SE1/4NE1/4)? Is this possibly meant to be the same as Lot 1, senw above?

Township 26 North, Range 17 East, M.P.M.

Section 28: SE1/4SE1/4
Section 31: N1/2NE1/4, SE1/4NE1/4
Section 32: NW1/4SW1/4, SW1/4NW1/4, N1/2NW1/4, SE1/4NW1/4, E1/2SW1/4, N1/2NE1/4, SE1/4NE1/4
Section 33: SW1/4NW1/4, W1/2SW1/4, N1/2NW1/4, SE1/4NW1/4, W1/2NE1/4, NW1/4SE1/4, E1/2SW1/4
Section 34: SE1/4SW1/4, S1/2SE1/4
Section 35: S1/2SW1/4

Township 25 North, Range 18 East, M.P.M.

Section 8: SE1/4, SE1/4SW1/4
Section 16: SW1/4, S1/2NW1/4
Section 17: N1/2NE1/4, NE1/4NW1/4
Section 20: S1/2SE1/4
Section 28: SW1/4NW1/4, NW1/4SW1/4
Section 29: W1/2SE1/4, SW1/4NE1/4, E1/2E1/2
Section 31: SE1/4NW1/4
Section 32: W1/2NE1/4, S1/2NW1/4, E1/2SE1/4
Section 33: W1/2NW1/4, W1/2W1/2SW1/4

Reference: Inventory & Appraisement in estate of George P. Arrison, Chouteau County District Court cause no. 1354;
Inventory & appraisement in estate of Kenneth W. Hagan, Chouteau County District Court cause no. _____.



Devon Energy Production Company, LP
7525 Hwy 2 NW
P.O. Box 1644
Havre, Montana 59501

September 21, 2006

Roger A. Hagan
1224 Stuart Street
Helena, MT 59601-2139

Re: Check for Oil and Gas Lease covering land located in
Township 25 North, Range 18 East, MPM
Section 16: S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$

240.00 Gross and 19.20 Net Acres
Blaine County, Montana

Dear Mr. Hagan:

As per Tim Keating's request, enclosed please find check #
00001564540 in the amount of \$192.00. This check represents
payment in full for your five year term Paid-up Lease.

I have also enclosed two receipts. Please sign one and return it
to us in the envelope provided. The other copy is for your
records. Should you have any questions, please feel free to call
me at (406) 265-0690.

Sincerely,
Devon Energy


Sandy Horning
Land Technician

Enclosures

FEDERAL COMMUNITIZATION AGREEMENT

CONTRACT NO. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal leases cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well spacing program established for the field or area in which said lands are located; and

WHEREAS, the entire Section 33, Township 25 North, Range 18 East has been communitized through Communitization Agreement designated LT 30-2 (MTM 69494), effective March 1, 1982, with the effect that all interests in the Eagle Sand Formation underlying said Section 33 were pooled on a surface acreage basis; and

WHEREAS, Section 28, Township 25 North, Range 18 East has not been communitized or pooled with respect to the Eagle Sand formation; and

WHEREAS, Lessees have drilled an Eagle Sand Formation natural gas well designated the U.S. DIR 28-14-25-18 (the subject well) approximately 2069' from the east line and 735' from the south line of Section 28, Township 25 North, Range 18 East (surface location) and 2447' FWL and 485' FSL of Section 28, Township 25 North, Range 18 East (bottom hole location), which locations are permitted locations under Montana Board of Oil and Gas Conservation Special Field Rules as adopted by the Board in its Order No. 138-2005; and

WHEREAS, the subject well is capable of draining gas from portions of Sections 28 and 33, Township 25 North, Range 18 East; and

WHEREAS, lessees have designated two contiguous half sections, to-wit, the S½, Section 28 and the N½, Section 33 as an alternate temporary spacing unit as authorized by said Board Order 138-2005; and

WHEREAS, the alternate temporary spacing unit designated by lessees and established by virtue of Board Order 138-2005 pools all interests in the Eagle Sand Formation underlying the S½, Section 28 and the N½, Section 33 of Township 25 North, Range 18 East on a surface acreage basis until pooling is altered by final order of the Board; and

Your Copy

EXHIBIT "B"

To Communitization Agreement dated effective **March 1, 2006**,
Embracing 960.00 acres of Section 28 and 33, Township 25 North, Range 18 East, P.M.M.
Blaine County, Montana, Eagle Sand Formation
As to U.S. DIR 28-14-25-18 Well

Operator of Communitized Area: Devon Energy Production Company, L.P.

DESCRIPTION OF LEASES COMMITTED

Tract No. 2

Lease Serial No.: None, fee leases

Lease Date: January 12, 1981

Lease Term: Five years (HBP)

Lessor: Jim R. Wortman and Eulela May Wortman, husband and wife

Lessee on Effective Date of Agreement if Different From Present Lessee:

Same as Present Lessee

Present Lessee:

Devon Energy Production Company, L.P.; Klabzuba Oil & Gas; A. L. Ballard; Textana USA; Joe J. Klabzuba Partnership; J. Sugar Co., Inc.; 5B Oil & Gas Company, Inc.; Jan Brown Brady

Description of Land Committed:

Township 25 North, Range 18 East
Section 28: NW $\frac{1}{4}$ SW $\frac{1}{4}$

Number of Acres: 40.00 acres (gross); 40.00 acres (net)

Basic Royalty Rate: 1/8th for oil and gas

Name and Percent ORRI Owners:

SEE EXHIBIT "D" (PAGE 4)

Name and Percent WI Owners:

Devon Energy Production Company, L.P. -	54.409375%
Amaricen G.P. -	29.250000%
Textana USA -	6.250135%
Joe J. Klabzuba Partnership -	4.500000%
David Burns Brown -	1.899750%
5B Oil & Gas Company, Inc. -	1.350000%
Jan Brown Brady -	1.750115%
A. L. Ballard -	<u>0.590625%</u>
	100.000000%

Name and Percent LORI Owners:

Jim R. Wortman and Eulela May Wortman, husband and wife, as joint tenants -	11.062500%
Hagan Mineral Trust -	1.000000%
E. N. Barrett -	0.062500%
Stephen O'Malley -	0.125000%
Chas. A. Dyer -	0.125000%
Mike McBride -	0.125000%

Provisions of Fee Lease Authorizing Pooling:

Yes.

EXHIBIT "B"

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Embracing 960.00 acres of Section 28 and 33, Township 25 North, Range 18 East, P.M.M.
Blaine County, Montana, Eagle Sand Formation
As to U.S. DIR 28-14-25-18 Well

Operator of Communitized Area: Devon Energy Production Company, L.P.

DESCRIPTION OF LEASES COMMITTED

Tract No. 3

Lease Serial No.: None, fee leases

Lease Date: Lease (a): January 12, 1981
Lease (b): January 24, 1983
Lease (c): January 24, 1983
Lease (d): January 24, 1983
Lease (e): January 24, 1983
Lease (f): January 24, 1983
Lease (g): May 5, 1983
Lease (h): January 24, 1983

Lease Term: All lease terms have expired (HBP)

Lessor: Lease (a): Jim R. Wortman and Eulela May Wortman, husband and wife
Lease (b): Sandra and Charles Behrle
Lease (c): Earle B. Williams, et ux.
Lease (d): Winnie Jeanne Patterson
Lease (e): Roderick Jackson Hughes, et ux.
Lease (f): James Robert Knight
Lease (g): Beverly Axelrod, Personal Representative
Lease (h): Karen Larue, et vir.

Lessee on Effective Date of Agreement if Different From Present Lessee:

Same as Present Lessee

Present Lessee:

Devon Energy Production Company, L.P.; Amaricen G.P.; A. L. Ballard; Textana USA; Joe J. Klabzuba Partnership; J. Sugar Co., Inc.; 5B Oil & Gas Company, Inc.; Jan Brown Brady; Wilbanks Acquisitions II, LLC; ROEC, Inc.; Pickens Financial Group; Cardinal Energy Co.; James V. Landress Estate

Description of Land Committed:

Township 25 North, Range 18 East
Section 33: W $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$

Number of Acres: 120.00 acres (gross); 118.40 acres (net) (1.6 net acres unleased)

Basic Royalty Rate: 1/8th for oil and gas

Name and Percent ORRI Owners:

SEE EXHIBIT "D" (PAGE 6)

Name and Percent WI Owners:

SEE EXHIBIT "D" (PAGE 3)

Name and Percent LORI Owners:

Jim R. Wortman and Eulela May Wortman, husband and wife, as joint tenants	-	11.000000%
Hagan Mineral Trust	-	1.000000%
Earle Addison Williams	-	0.083333%
Black Stone Acquisitions Partners I, LP	-	0.018519%
Sandra Jean Behrle	-	0.032407%
Karen F. Larue	-	0.032407%
James Robert Knight	-	0.055556%
Maureen Knight	-	0.013889%
Alexander Hoffman	-	0.013889%
Winnie Jeanne Patterson	-	0.069444%
Kevan Urquardt	-	<u>0.013889%</u>
Total	-	12.333333%

Provisions of Fee Lease Authorizing Pooling:

Yes. Section 33 is pooled pursuant to MTM 69494.

EXHIBIT "D" – Page 5

To Communitization Agreement dated effective **March 1, 2006**,
Embracing 960.00 acres of Sections 28 and 33, Township 25 North, Range 18 East, P.M.M.
Blaine County, Montana, Eagle Sand Formation
As to U.S. DIR 28-14-25-18 Well

OVERRIDING ROYALTY OWNERS– FEDERAL LEASE M-1501
AS TO SECTION 33: N½NE¼, NE¼NW¼, NW¼SE¼, NE¼SW¼

Allan K. Dray -	1.7031250% (1)
Black Stone Acquisitions Partners I, L.P. -	0.2000000% (1)
Black Stone Acquisitions Partners I, L.P. -	1.1216550% (2)
Black Stone Acquisitions Partners I, L.P. -	0.5336520% (1)
Black Stone Acquisitions Partners I, L.P. -	0.1800000% (4)
A. L. Ballard -	0.0450000% (4)
Enron Producing Co. -	2.7451760% (3)
Amaricen G.P.	0.2199480% (5)
Textana USA -	0.0470010% (5)
Joe J. Klabzuba Partnership -	0.0338380% (5)
J. Sugar Co., Inc. -	0.0142790% (5)
Jan Brown Brady -	0.0131630% (5)
5B Oil & Gas Company, Inc. -	0.0101510% (5)
Pickens Financial Group -	0.2287650% (5)
Cardinal Energy Co. -	0.0834040% (5)
James V. Landress Estate -	0.0357450% (5)
Falcon Royalties LLC -	0.6862940% (5)
Klabzuba Oil and Gas -	0.9080708% (6)
Textana USA -	0.1513451% (6)
5B Oil & Gas Company, Inc. -	0.1513451% (6)
Frank J. Budde -	0.4870163% (6)
Patrick Thomas, M.D. -	0.4870163% (6)
John F. Hudnall, M.D. -	0.4870163% (6)
Allen M. Burt -	0.1619723% (6)
J. Robert Dobbs -	0.4870163% (6)
Allen E. Pye, Jr. -	0.2030155% (6)
Suzanna Pye Wittaker -	0.2030155% (6)
Lance C. McNeel -	1.0156250% (6)
Lillie McNeel -	1.0156250% (6)
Robert Klabzuba -	2.1085712% (6)
Textana USA -	0.3514285% (6)
5B Oil & Gas Company, Inc. -	<u>0.3514285% (6)</u>
TOTAL	7.9011900% (exclusive of (6))

- (1) Burdens solely the working interest of Devon Energy Production Company, L.P.
- (2) Burdens the working interests of Amaricen G.P. (42.61373%), Joe J. Klabzuba Partnership (6.55596%), Textana USA (9.10623%), J. Sugar Co., Inc. (2.76662%), Jan Brown Brady (2.55027%), 5B Oil & Gas Company, Inc. (1.96679%), Devon Energy Production Company, L.P. (18.65424%), and A. L. Ballard (1.03356%), Wilbanks Acquisitions II, LLC (9.691823%), ROEC, Inc. (0.097897%), Pickens Financial Group (3.26325%), Cardinal Energy Co. (1.18972%), and James V. Landress Estate (0.50989%).